

EXHIBIT F

The following is a listing of the Attorneys General's Offices in the BellSouth states. A copy of a letter sent to the Florida Attorney General's Office is also attached hereto and is representative of the letters sent to each of the following states' Attorneys General.

Alan Hirsch, Esq.
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Raleigh, North Carolina 27602-0629

Treva Ashworth, Esq.
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State of Georgia
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Les Garringer, Esq.
Assistant Deputy Attorney General
State of Florida
Office of the Attorney General
The Capitol
Tallahassee, Florida 32399-1050

Dennis Wright, Esq.
Assistant Attorney General
State of Alabama
Office of the Attorney General
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Montgomery, Alabama 36130

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Director of Consumer Affairs
State of Mississippi
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Jackson, Mississippi 39205-0136

Cynthia Carter, Esq.
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State of Tennessee
Office of the Attorney General
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Nashville, Tennessee 37243

Todd Leatherman, Esq.
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Ezabel Wingerter, Esq.
Consumer Protection Chief
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HELEIN & ASSOCIATES, P. C.

ATTORNEYS AT LAW

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WRITER'S DIRECT DIAL NUMBER:
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FILE COPY

August 4, 1997

Les Garringer, Esq.
Assistant Deputy Attorney General
State of Florida
Office of the Attorney General
The Capitol
Tallahassee, Florida 32399-1050

*Re: Action Required on Payphone Competition –
Regional Bell Operating Companies*

Dear Mr. Garringer:

As your office pursues consumer complaints involving telecommunications services and is charged to protect consumers from deceptive practices, you are respectfully advised of the following circumstances.

This firm represents independent payphone service providers ("IPSP") which are confronting strong-arm tactics from the Regional Bell Operating Company, BellSouth, in their efforts to enter into the provisioning of payphone services to location providers ("customer(s)"). While the following facts support claims sounding in unfair competition and abusive competitive tactics against our clients, such claims are not the focus of this letter. Rather, we request that your offices consider the impact of these practices on the "consumer" -- in this instance, the convenience store, gas station, drug store, church, hospital, etc. These consumers are effectively being denied their rights to choose a long distance carrier; in some cases are being slammed; are being subjected to misrepresentations about the identity of the actual long distance carrier providing service; are having their contractual rights overridden; and are being subjected to monetary penalties arbitrarily imposed without any legal basis.

The tactics being used by BellSouth are as follows.

BellSouth requires customers to use the long distance carrier (Teltrust) BellSouth selected to carry all long distance traffic from the public payphones on the customer's premises and imposing a monthly untariffed charge of \$15 if the customer refuses to select Teltrust. This practice was confirmed by the BellSouth public payphones supervisor. This person confirmed that BellSouth has

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mailed letters to all BellSouth payphone locations in nine states announcing that Teltrust has been selected as BellSouth's PIC. This letter further advises that if end users also select Teltrust, there will no extra charge assessed; but, if a PIC other than Teltrust is chosen, a \$15 monthly charge is assessed. In addition, the BellSouth payphone supervisor confirmed that BellSouth pays no commissions to payphone locations who have Teltrust as their PIC.

For semi-public phones, BellSouth follows the same policy. For example, an RV Park operator in Georgia pays a tariffed \$35 per month charge to maintain a semi-public payphone for campers, visitors and business use, as necessary. When the camp operator didn't change to Teltrust, the monthly bill from BellSouth increased to \$50.

BellSouth also uses marketing materials to create the false impression that customers are required by law (the 1996 Act) to reevaluate their long distance PIC and that BellSouth controls the entities that may provide local and long distance services to the customer.

BellSouth uses prepared forms and correspondence which leverages BellSouth's status as the local exchange carrier to conceal the fact that BellSouth is actually soliciting the customer to make changes in its authorized agency for purposes of choosing a long distance carrier.

Specific instances of other BellSouth improper tactics about which empirical data has been developed include, but are not limited to, the following:

While discussing a change in the PIC for two payphones for an oil company operation in a three-way conference call among BellSouth, an IPSP and the end user, BellSouth's representative first agreed to the change to a PIC other than Teltrust, then recanted to "check with her marketing department." The end user was told to expect a call in two days from BellSouth's marketing department and the conversation ended without BellSouth implementing the end user's PIC selection.

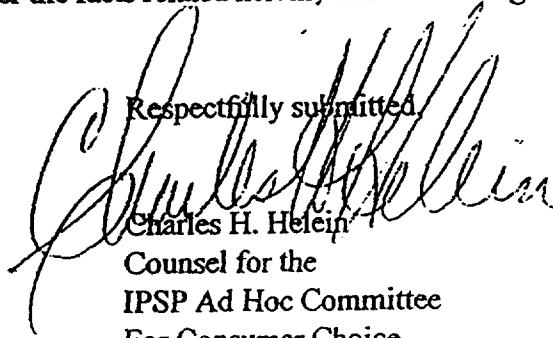
A business in Marathon, Florida was slammed. Abruptly, payphones at this location stopped showing any traffic under the existing IPSP serving this location. This occurred after a site visit by a BellSouth representative who also informed the end user that if Teltrust was not selected as the PIC, BellSouth would remove its payphones from the premises.

The foregoing episodes present a serious anticompetitive, consumer fraud, slamming and misuse of the mails scenario which would seem to warrant immediate and effective intervention and cure. On a broader basis, it clearly shows that, permitted their freedom to "compete" in hitherto closed markets, the monopoly culture will rule and control management decisions, resulting in abusive tactics designed to ensure continued dominance over consumers in BellSouth's operating territories.

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Supportive documentation and affidavits are available. Please let us know if we can be of any further assistance in determining whether the facts related herein warrant investigation by your office.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Charles H. Helein", is written over the typed name and title.

Charles H. Helein
Counsel for the
IPSP Ad Hoc Committee
For Consumer Choice

smh\530\1-ag.ltr

Susan

Gail F. Barber
General Attorney

BellSouth Telecommunications, Inc.
LEGAL DEPARTMENT
2nd Floor
75 Bagby Drive
Homewood, AL 36208
Telephone: 205-943-2880
Facsimile: 205-943-2884

September 9, 1997

William F. Caton
Acting Secretary
Federal Communications Commission
2025 M Street, N.W.
Washington, D.C. 20554

SEP 10 10 00 AM '97
OFFICE OF
ENERGY

Re: July 30, 1997, Letter from Helein & Associates, P.C.
Entitled "Action Required on Payphone Competition -
Regional Bell Operating Companies"

Dear Mr. Caton:

BellSouth Public Communications, Inc. (BSPC), the structurally separate payphone service provider affiliate of BellSouth Telecommunications, Inc. (BST), by counsel, responds to the referenced letter addressed to the Enforcement Task Force. The referenced letter purports to be submitted to the Task Force on behalf of certain unnamed "independent payphone service providers," belonging to the "IPSP Ad Hoc Committee for Consumer Choice" (IPSP). The IPSP letter, which complains of alleged "strong-arm tactics" by both BellSouth and Ameritech, is riddled with misstatements, half-truths and vague allegations. Indeed, nowhere in the letter are the actual principals of the "Ad Hoc Committee" identified, nor is it clear which segment of the industry the "Ad Hoc Committee" represents.

As more specifically set out below, BellSouth vigorously denies any wrongdoing and asserts that it is in full compliance with § 276 of the Telecommunications Act and the FCC orders relating thereto.¹

First, the IPSP letter claims that "BellSouth requires customers to use the long distance carrier (Teltrust) BellSouth selected"; that BellSouth imposes a \$15 charge if

¹ First Report and Order, Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, 11 FCC Rcd 20541 (1996) ("Report and Order"), Order on Reconsideration, 11 FCC Rcd 21233 (1996), remanded in part and vacated in part, Illinois Pub. Telecom. Ass'n v. FCC, No. 96-1394

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customers refuse to use Teltrust, and that BellSouth does not pay commissions where Teltrust has been selected as the presubscribed interexchange carrier (PIC). This allegation is untrue. BellSouth does not require its customers (location providers) to select any particular carrier for payphone service. Since April 16, 1997 (the date BST's CEI plan was approved, pursuant to the Commission's orders implementing Section 276), BSPC has solicited location providers to permit BSPC to select and contract with a preferred IXC on the location provider's behalf. Teltrust is BSPC's preferred carrier at this time. No charge is made to the location provider for placement of public telephones, whether or not Teltrust is selected by the location provider as the PIC. The payment of commissions to a location provider is a matter of contract and is based on a number of business factors, including the economic impact to BSPC of the PIC selection.

The IPSP letter makes the same allegations with regard to "semi-public phones." BSPC has no semi-public telephones. Since the Congressionally mandated deregulation of the payphone industry, BST no longer offers a tariffed semi-public telephone service. BSPC does offer a deregulated, detariffed service marketed as "Business Payphone Service." This service provides payphone service for a monthly maintenance fee at locations where there is insufficient traffic to support a competitive payphone. Many of the location providers who formerly subscribed to BST's semi-public payphone service now contract with BSPC for Business Payphone Service.

The common denominator among these "business payphones"--like their predecessors, semi-public payphones--is that they generate insufficient traffic to cover their costs through local usage and service fees. Recent regulatory reforms, and particularly Congress's mandate that there be no subsidization of local exchange carrier (LEC) payphone service from local exchange and exchange access service revenues, necessitated the removal of semi-public payphone lines from BST's tariffs. Rather than removing these phones entirely,² however, BSPC has attempted to continue to service this niche market by providing location providers with Business Payphone Service. BSPC initially anticipated that, when authorized to do so, it would be able to make up the shortfall between its costs, including the rates it pays BST at arms length for a basic payphone line, and the Business Payphone Service monthly maintenance fee by negotiating with an IXC to carry the interLATA traffic from the Business Payphones. But where the location provider chooses to select an interexchange carrier itself, BSPC is unable to make up the shortfall. BSPC thus decided to offer its Business Payphone Service on a two-tier

² Other IPSPs simply "will not install payphones in locations that do not generate substantial numbers of coin calls." *Remand Issues Involved with the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996.*

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basis and to charge a monthly fee of \$15 to location providers who elected not to appoint, or were precluded by contract from appointing, BSPC as their agent for the purpose of selecting the PIC.

Location providers who have their own arrangement with an IXC have the opportunity to make up the \$15 (and more) in commissions received from the IXC. (The location provider also could negotiate to obtain a payphone from a competitive payphone provider.) There is no reason why BSPC should subsidize the receipt of such commissions by supplying the location provider with a payphone that does not recover its costs. If BSPC will not receive a commission from the interexchange carrier, it must recoup those lost revenues directly from the location provider.

BSPC could have achieved exactly the same economic result by providing Business Payphone Service for \$15 more and offering a \$15 discount to customers who selected BSPC as their agent. Such a fee structure would have clearly passed muster under the Payphone Reclassification Proceeding, which contemplated that Bell Company payphone service providers such as BSPC would pay commissions to location providers. See Report and Order at ¶¶ 238-241. Since there is no substantive difference between these two fee structures, there is no basis for a claim that the \$15 fee is an unjust and unreasonable practice.

With respect to the claim regarding an unnamed RV Park operator in Georgia, BSPC does not have sufficient information, without the telephone number of the station in question, to respond to the allegation. It is unknown whether this is regular public telephone service or Business Payphone Service. Without knowing the specifics, BSPC is unable to verify these rates.

IPSP has also made vague references to BSPC's marketing materials as being improper. BSPC vigorously denies that its marketing materials create a false impression that customers are required by law to reevaluate their PIC. Since the IPSP letter does not provide any specific information regarding the marketing materials in question, it is impossible for BSPC to respond to this statement in detail. It is equally impossible to respond to an allegation that BellSouth's correspondence conceals that it is soliciting a change in a PIC without any specific information. As the Commission explained in its payphone orders, Section 276 of the 1996 Telecommunications Act granted Bell Company payphone service providers "the right to participate as a contractual intermediary between a location provider and a third-party interLATA carrier." Report and Order at ¶ 243. BSPC contractual and publicity materials comport with both the spirit and the letter of the Payphone Reclassification Proceeding.

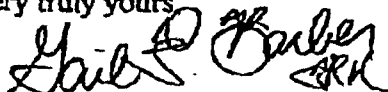
William F. Caton
September 9, 1997
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With regard to the "specifics" to which IPSP does refer, IPSP once again omits any specific identifying information that would enable BSPC to investigate the claims. The IPSP letter refers to a discussion regarding a PIC change, but does not say that the phones were BellSouth payphones. BSPC's policy with respect to PIC selection, as stated earlier, fully comports with the letter and the spirit of the Payphone Reclassification Proceeding. It is unclear to whom the line was PIC'd at the time of the call. It is also unclear whether the call was to BST's office or BSPC's. If the call was from an IPSP, there is no reason for an independent payphone provider to call BSPC since it would be a competitor to BSPC, and BSPC would be unable to change the PIC on a competitor's phone. Once again IPSP's reference is so vague that it is impossible to respond.

With the second "specific" complaint regarding a Marathon, Florida business, it is again not clear how BSPC could deal with a competing IPSP. In any event, it is not BSPC's policy to remove payphones from premises based solely on the selection of the PIC carrier but to make a business decision, as any IPSP would, based on a number of relevant factors as to whether it is in BSPC's interest as a payphone service provider to provide a payphone at a particular location. Neither is it BellSouth's policy to change the PIC without the authorization of the location provider.

If counsel for the IPSP Ad Hoc Committee were to forward to me the "[s]upportive documentation and affidavits" which he states "are available," but which have not been provided to either BellSouth or the Commission, BSPC would be able to investigate any actual event that may have occurred.

Very truly yours,



cc: Enforcement Task Force:

Susan Fox, Interim Chair, Office of General Counsel
Barbara Esbin, Assoc. Bureau Chief, Cable Services Bureau
Mary Beth Richards, Deputy Bureau Chief, Common Carrier Bureau
John Muleta, Deputy Bureau Chief, Common Carrier Bureau
Jeanine Poltronieri, Assoc. Bureau Chief, Wireless Telecommunications
Bureau

Alan Baker, Ameritech
Michael Johnson, Ameritech
M. Robert Sutherland
Theodore R. Kingsley
Gregory D. Artis
James B. Hawkins



facsimile transmission

Office of General Counsel

Washington, D. C. 20554

To:

Helin

Phone Number:

703-714-1301

FAX Number:

703-714-1330

From:

Susan Foy

Phone Number:

(202) 418-1700

FAX Number:

(202) 418-2822

This is page 1 of 5 pages

Message:

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WRITER'S DIRECT DIAL NUMBER:

(703) 714-1301

WRITER'S DIRECT EMAIL ADDRESS:

September 25, 1997

Via Facsimile and First Class Mail

(205) 943-2884

Gail F. Barber, General Attorney
BellSouth Telecommunications, Inc.
Legal Department
2nd Floor
75 Bagby Drive
Homewood, Alabama 35208

Dear Ms. Barber:

This firm represents the Independent Payphone Service Providers for Consumer Choice ("IPSPCC"). Under advice given by the FCC, the contents of this letter were sent first to the firm of Kellogg, Huber, et al., in Washington, D.C. on September 17, 1997. The FCC had been contacted to determine the proper BellSouth legal representative to whom the following proposal should be submitted. Since the Kellogg firm responded that it did not represent BellSouth or other RBOCs in regard to the issues on payphones addressed herein, we are sending this letter to your attention given that you authored the September 9th response to the July 30th letter submitted on behalf of the IPSPCC (then the "Ad Hoc Committee for Consumer Choice") to the FCC.

We ultimately obtained a copy of your letter response of September 9th after speaking with Susan Fox of the FCC's Competition Task Force as one was not served on this firm. For the record, we will be submitting a response to your letter of September 9th shortly. In the meantime, we ask that your office address the following proposals or advise us to whom these proposals should be sent, if not within the scope of responsibilities of your office to address.

These proposals are being made in an effort to avoid the necessity for additional filings seeking remedial or proactive, procompetitive actions by the Federal Communications Commission, the Department of Justice, the appropriate Congressional Committees considering the need for

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revisions to the Telecommunications Act of 1996 ("Amended Act"), the state attorneys general, the state regulatory agencies and/or the courts. Existing filings and the need for further such filings has been created by the tactics BellSouth is employing in the marketplace for competitive payphone services under the guise of exercising the right to enter this market pursuant to section 276 of the Amended Act.

Corrective actions, as detailed in the following eleven points, must be taken immediately. The actions described in the IPSPCC's 11 points constitute probable, if not palpable, unreasonable refusals to provide service upon reasonable request therefor in violation of section 201 of the Amended Act; undue discrimination and creation and maintenance of undue preferences in violation of section 202 of the Amended Act; violation of filed CEI plans, in turn constituting a violation of section 276 of the Amended Act; unreasonable restraints of trade in violation of Section 1 of the Sherman Antitrust Act, illegal tying arrangements, denial of equal access, slamming, deceptive practices, unfair competition, and tortious interference with contracts.

The IPSPCC has information that suggests that, while such anticompetitive conduct continues and is expanding, the cause therefor may be due to the lack of knowledge about such conduct at higher management levels within your company. The IPSPCC seeks, therefore, to test the accuracy of this information by scheduling a meeting to discuss your company's willingness and commitment to take immediate, effective and lasting corrective action to eliminate current and future instances of the conduct complained of herein. To expedite matters, the IPSPCC is willing to ask the FCC's staff to act as mediator and to chair the meeting.

At the meeting, the scheduling of which is sought hereby, the actions for which immediate corrective action needs to be discussed and implemented include, without limitation:

1. Immediate rescission of policy refusing to accept traditional three-way conference calls to place orders, including PIC selections, among independent competitive pay phone providers ("IPSPs"), premises owners or location providers (collectively "LPS"), and BOC ("Bell") representatives.
2. Immediate rescission of Bell policy of refusing to allow LPS to make an independent PIC selection or face additional monthly charges, removal of Bell payphones or other penalty.
3. Immediate rescission of Bell policy of tying continued availability of Bell-owned payphone terminals to the LPS selection of Bell's competitive payphone arm (unseparated division or separate subsidiary) ("BPSP").

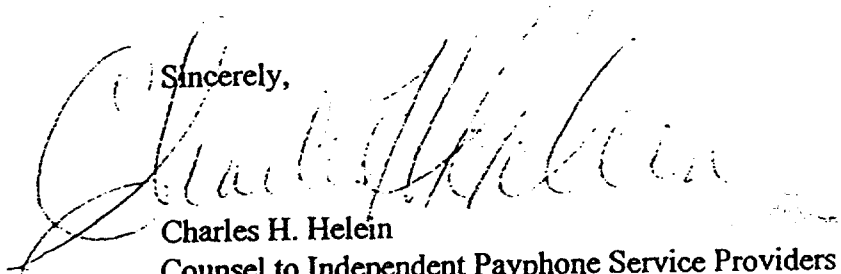
4. Immediately ceasing to ignore IPSPs' existing contractual relationships with LPS, including without limitation, by assuming the non-existence of any oral contract or contract implied in fact, based on existing provisioning of service to LPS (such contracts officially having been recognized as having legal validity by the FCC in connection with the provisioning of telecommunications services).
5. Immediately ceasing interference with IPSPs' existing contractual relationships with LPS, based on ignoring the IPSPs' existing contractual relationships with LPS as detailed in item 4, preceding.
6. Immediate rescision of Bell policy of demanding a copy of LP's written contract with IPSP.
7. Immediate rescision of Bell policy of disregarding an IPSP's contract with an LP which refuses or fails to furnish a written contract as demanded by BPSP in response to policy identified in item 5, preceding, and/or any other policy or practice.
8. Immediate rescision of Bell policy of informing LPS that when any contract with an IPSP expires, the LP must choose the BPSP's PIC and will, thereafter, not be allowed to change the PIC at any time in the future.
9. Immediate rescision of Bell policy of informing LPS that if they cannot or refuse to produce a written contract with an IPSP, the BPSP informs the LP that no contract exists, that the LP must choose the BPSP's PIC and will, thereafter, not be allowed to change the PIC at any time in the future.
10. Immediate rescision of Bell policy of having LPS sign contracts presented as Letters of Agency or LOAs, but containing a clause that cedes all future authority to select the PIC to the BPSP (copy attached).
11. Immediate reorganization of order processing personnel and channels of processing orders submitted by LPS and/or IPSPs, by removing the direct conflict of interest created by having the personnel who were formerly employed by the Bell regulated local exchange company ("LEC"), now employed as part of the deregulated BPSP so that they may and do act as a bottleneck in the processing of IPSP orders for the competitive provision of payphone services to LPS.

If you are willing to meet to discuss resolution of these most serious concerns with representatives of the IPSPCC, please contact the undersigned at your earliest convenience. The IPSPCC will withhold filing actions for a period not to exceed ten (10) days from the date of this

Gail F. Barber
September 25, 1997
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letter. The IPSPCC's agreement to postpone further filings in its effort to resolve matters through negotiations and private actions does not extend to any filing deadlines or requirements established by regulatory or other government authorities on matters to which the issues raised herein have relevance.

Sincerely,



Charles H. Helein
Counsel to Independent Payphone Service Providers
For Consumer Choice

Enclosure

smh\530bellsouth.11p

RECEIVED SEP 11 1997



Mississippi Public Service Commission

BO ROBINSON, COMMISSIONER

P. O. BOX 1174, JACKSON, MISSISSIPPI 39215-1174 (601) 961-5450 or 800-356-6428

September 8, 1997

The Honorable Charles H. Helein
8180 Greensboro Drive, Ste. 700
McLean, Virginia 22102

Dear Mr. Helein:

Please find enclosed the information regarding the deregulation of payphone services. I believe you will find the information to be a detailed explanation of the issues you have addressed; however, if we have overlooked anything, you just simply let us know.

Mississippi is experiencing many changes in the utility industry. If you have further questions regarding your service, we would be more than happy to supply you with the answers. Thank you for your expression of interest in our work at the Commission. It is always helpful to have another viewpoint.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bo", is written over the signature line.

Bo Robinson, Vice Chairman
Northern District

BR:swb

Enclosure

MEMORANDUM

To: Commissioner Bo Robinson

From: Vicki Helfrich

Re: Complaint against BellSouth Public Communications, Inc.

Date: September 5, 1997

This is in response to the complaint of Mr. Charles Helein. The Telecommunications Act of 1996, Sec. 276, and the subsequent FCC Order in Docket 96-128 mandated the deregulation of payphone services. In that order, LEC's were mandated to insure that the revenues from payphone operations completely covered the cost of those operations. BellSouth reduced switched access rates to eliminate \$1.38M in regulated revenues that were determined to be subsidizing their payphone operations. They also formed a separate subsidiary, BellSouth Public Communications, Inc., to handle all payphone operations.

Basically, two types of payphone arrangements were offered by BellSouth at the time of the FCC's Order: Public Payphone service and SemiPublic service. SemiPublic service was provided at locations where a customer requested a payphone, but traffic volumes from the location would not be sufficient to make the set profitable. The location provider was charged the rate for an ACP line. The rate for an ACP line did not cover the cost of providing the line and the set. Therefore, in an effort to comply with the FCC's order stating that a payphone service could not be provided below cost, and in an effort to deter any rate increases, BellSouth Public developed two options for the business owners where SemiPublic sets were located. The business owner could allow BellSouth Public to choose the long distance provider for the set. If they did, BellSouth Public would receive a commission from the long distance provider, which would enable them to keep the SemiPublic service at the same rate they had previously charged. On an average, this would bring the revenues up to a level that recovered the cost of providing the service. However, if the location provider desired to choose the long distance provider, the rate for SemiPublic would have to increase by \$15.00 per month to cover the costs.

There were approximately 1800 SemiPublic sets in service at the time of the FCC's Order, out of approximately 14,000 pay stations. Therefore, the vast majority of BellSouth Public's payphones are the type where the location provider is not charged for the set and is paid a commission on the set.

We are monitoring the marketplace and will recommend any action should we discover any evidence of wrongdoing on the part of any telecommunications provider.

cc: Bobby Waites
Dorman Davis
Shirley Bounds

HELEIN & ASSOCIATES, P. C.

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September 18, 1997

The Honorable Bo Robinson
Vice Chairman
Northern District
Mississippi Public Service Commission
P.O. Box 1174
Jackson, Mississippi 39215-1174

Dear Chairman Robinson:

The Ad Hoc Committee of Independent Payphone Providers sincerely appreciates the time and effort you expended in investigating the complaint lodged against BellSouth in its activities regarding payphone services in your state. The Committee also appreciates receiving a written explanation of the report provided, presumably by a Commission staff member, which accompanied your letter of September 8, 1997.

The staff analysis raises a few questions which the Committee will be examining with a view toward providing a follow-up inquiry, if needed. The questions stem from the following considerations.

Prior to section 276's enactment and the FCC's implementing orders, BellSouth payphones had been paid for through tariffed rates as part of BellSouth's monopoly service offerings. The FCC's implementing orders converted these phones into customer premises equipment ("CPE") and required that they be transferred off the books used to calculate BellSouth's regulated services.

Since BellSouth created a payphone subsidiary, BellSouth Public Communications, Inc., the proper valuation of the payphones transferred to its affiliates was net book cost. Separated out of any costs associated with the newly deregulated payphone terminals (CPE) were any line costs. Conversely, all payphone set costs were taken out of the CCL.

As to line costs for payphones, the SLC applies in order to allow recovery of regulated costs associated with those lines. Moreover, any SLC deficit costs (those which exceed the \$6.00 cap on the multi-line SLC charge) will continue to be recovered through the CCL. These principles appear

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Page 2

in the FCC's November 8, 1996 Order on Reconsideration in CC Dockets 96-128 and 91-35, FCC 96-439, ¶¶ 206-207. Interestingly, BellSouth is cited by the FCC as supporting the correctness of these principles.

Analyzing the September 5, 1997 memorandum to you from Vicki Helfrich, we have been unable to reconcile these principles with the reasons cited in defense of BellSouth's \$15.00 monthly charge. First, we have been unable to identify any relevance to the fact that some payphones are SemiPublic versus Public. While it may be true that some SemiPublic phones have lower volumes and are less profitable, it does not follow that a \$15 monthly charge imposed only on end users with such phones has any rational or justifiable relationship to that alleged lower profitability. Of course, we are unaware of any cost studies supporting the use of this charge for the reasons cited. If there are any, it would advance the debate substantially if the staff could provide them to us.

Second, we are unfamiliar with the reference to an ACP line. Nor do we understand the rationale that the \$15 charge is justified by the alleged unremunerative nature of the "ACP rate." Our current understanding, which we continue to study to determine its correctness, is that there should be no line charges which are not recovered under tariff by the regulated side of BellSouth's operations and wholly independently of any aspect of the non-regulated payphone side. If this is true, the justification for assessing a monthly charge to recoup regulated costs in connection SemiPublic phones or any phones is erroneous.

Third, a continuing monthly charge amounting to \$180 per year could be compared to actual historical cost figures at net book costs, the asset value it is understood at which the payphones had to transferred to BellSouth's payphone affiliate as required by the FCC's Order cited above.

Fourth, even if one assumes there is a basis for a monthly charge when the location provider refuses to select BellSouth's payphone subsidiary's PIC, it is not presented to location providers as an option. That is, the \$15 monthly charge is presented not as a package service offering, but as a form of penalty for refusing to select BellSouth's PIC.

Fifth, if the costs allegedly covered by the \$15 charge are related in any way to costs incurred from the provisioning of basic exchange access services, it would appear the charge violates the FCC's Order and section 276's mandate that all payphone subsidies be eliminated from the regulated side of BellSouth's operations. BellSouth's payphone subsidiary cannot by law seek to recover portions of the costs incurred by its parent to provide regulated service to payphone users.

There is also the issue that the \$15 monthly charge has not been accepted in other BellSouth states as having been proven valid. A complaint proceeding is currently pending in Georgia, for example.

To provide additional support for why the Committee is concerned, we have included signed